GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:370
ANSWERED ON:18.07.2017
Fixation of MSP for Agricultural Produce
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Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether the recommendation of the M.S. Swaminathan Report in which it is stated that the MSP for agricultural produce should be fixed at 50% profit over production cost including the interest on the loan taken for agriculture is not being followed in letter and spirit and MSP is being given often less than the cost of production;

(b) if so, the reasons therefor and the action taken by the Government in this regard;

(c) whether the Government has analysed the report of the Swaminathan Committee;

(d) if so, the details thereof and the reasons for not implementing all the recommendations of the Committee; and

(e) the steps being taken by the Government to fix the MSP for agriculture produce according to M.S. Swaminathan Committee Report?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a) to (e): National Commission on Farmers (NCF) headed by Dr. M.S. Swaminathan had recommended that the Minimum Support Price (MSP) should be at least 50% more than the weighted average cost of production. This recommendation, however, has not been accepted by the Government because MSP is recommended by CACP based on objective criteria, considering variety of relevant factors and prescribing an increase of at least 50% of cost may distort the market.

Government fixes MSPs for major agricultural produce on the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of concerned State Governments and Central Ministries/Departments.

While recommending MSPs, the CACP considers, inter alia, a number of important factors which include cost of production, trends in market prices, demand and supply situation, inter-crop price parity etc.

Government ensures remunerative price to the growers by offering to procure their produce at MSP. However, farmers are free to sell it to Government agencies or in the open market as is advantageous to them.

The National Commission on Farmers (NCF) submitted its report to the Government in 2006. After due examination, Government accepted many of the recommendations of the NCF and basedon these Government approved the 'National Policy For Farmers, 2007' (NPF 2007).

The NPF-2007 aims to improve economic viability of farming and increases net income of farmers. The Ministry has adopted various schemes/programmes based on the NPF, 2007.
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